

Name of Proposal: Colorado Comprehensive Care Coverage (C4)

Proposer or Team: Savant Solutions Co.

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Signatures of those authorizing the submission of the proposal:

**a) Comprehensiveness<sup>1</sup>**

(1) What problem does this proposal address? – This proposal addresses being successful in designing a Colorado Comprehensive Care Coverage single – payer plan for all Coloradoans by using a consulting firm that has a long history of successful strategic procurement programs in many different industries over a period of 20 years.

(2) Our assumption is that a cost-effective, efficient, PROFITLESS, state run system can provide universal health care coverage to all Coloradans at lower costs than the current hodgepodge of private and public health care programs. We assume that by removing the 30 to 40% profit overhead of the private insurance systems, we can expand health care to the currently under or uninsured Coloradans and expand the system to provide preventive and alternative medical care.

(3) What are the objectives of your proposal?

(a) The objectives are to create a team of experts to identify, acquire, deploy and maintain a “best of breed” cost-effective solution for a universal, single-payer system, drawing from primarily successful EXISTING domestic programs such as Medicare, VA, Kaiser, Washington Congressional Coverage, and/or international such as Canada, Australia, Europe.

**b) General**

Use highly successful strategic procurement procedure, supported by professional consultants, to develop requirements, identify EXISTING health care plan provider capabilities in the marketplace, to acquire,

deploy, rollout and eventually turned over to the state for ongoing operations, a combination of the most successful, comprehensive, cost-effective, PAPERLESS, efficient and successful comprehensive single-payer health care system. It is likely that this solution will come from the private sector. The selected vendor will be paid, with an included profit, for the acquisition deployment and transition of the system to state operations over a three-year period. At the end of the transition, it is anticipated that the health-care plan will be operated WITHOUT A PROFIT MOTOIVE by a state organization.

Scope: On an evolutionary basis,, the system should evolve to include: all Coloradans, sickness and wellness, preventive medicine, traditional allopathic, as well as homeopathic and other alternative treatments. The scope should include physical health, as well as mental health.

Based on our experience, we would recommend that the program be piloted first and then be deployed on a phased basis, to verify and validate its success, enabling continuous improvement, and support organizational learning.

This phase deployment will be defined during the course of the program, but might include of rollout by geographic area or county, or some other definition of pilot projects and constituencies such as starting with the areas of the greatest needs such as children.

***B. Please describe your proposal in detail.***

Phase 1 – Hire an oversight group for Procurement process and program management - such as Savant Solutions Co.

Phase 2 create the state health-care procurement team, including both public and private sector experts

RFP – Request for proposal from the healthcare experts, based on preliminary requirements defined by the health-care procurement team. The RFP process will include presentations by vendors as to their capabilities, "best practices," and comprehensive solutions.

Phase 3 RFQ- Request for Quotation from the suppliers based on the education derived by the RFP process and limited to the top potential solution providers.

Phase 4 – Selection process

Phase 5 – Piloting

Phase 6 – Deployment planning

Phase 7 – Deployment rollout

Phase 8 – Conversion to state control and operation

II. Proposal – Contract private sector experts in strategic procurement to facilitate the process of acquisition selection and deployment of a low cost, single-payer, state-run system of universal coverage. A small team of experts would facilitate it to select the most efficient existing system, be it Kaiser, Medicare, Medicaid, VA, akin to the Washington Congressmen, etc. and procure their computer solutions, processes and operational expertise.

A. Working with a team of experts, using a successful strategic procurement process, develop requirements, a Request for Proposal, ( RFP) initial quantitative objective evaluation and selection of the top one to three candidates from the RFP process, a Request for Quotation (RFQ) for the most efficient , comprehensive single-payer health care system, including piloting, deployment, initial staffing and a 3 year conversion plan to state operations for hiring, staffing and implementation of services. (Outsourcing – a possibility)

B. Underlying goals and objectives of the state provided healthcare system to be acquired and deployed would include, but not be limited to the following:.

This state provided healthcare system and insurance coverage would be optional alongside the current private insurance providers. Therefore it must include: lower cost, be simpler and more efficient, provide better coverage and services including: preventive care, prenatal, mental health and drug rehab, dental, eye glasses, and

alternative practitioners. All services would be provided at minimal or low cost. Any co-pays or other fees would be determined by a health care system run oversight board.

Provider participation in the healthcare system will be optional. All fees would be set by a governing oversight body (made up of doctors and health professionals, and professional managers) to determine customary and reasonable fees, length of stays, necessary procedures, much the same as our current insurance companies do, but streamlined for efficiency and without the profit motive of private health insurance and providers. Salaries and fees for the insurance providers, hospitals, clinics, doctors, administrators, and employees would also be subject to reasonable and customary charges as set by the governing board with the healthcare system, government and or public oversight, depending on how the experts devised the system.

Specialists would have to be referred from the family physician but would be subject to the same procedures and fee structures as described above, if they choose to participate in the system. All necessary care would be provided at minimal cost to the patient. Elective procedures would not be covered, but could be purchased from the physician at the negotiated, standard rates that were established by the governing body.

Patients would have free choice of physician, as well as physicians could choose or not choose to participate.

Universal forms for all procedures and visits. A key goal will be efficiency of the healthcare system, and paperless operations. Subject to the security and privacy, and compliance required by law. We anticipate the issuance of a medical card ID and paperless computer record keeping and sharing for easy access to patient records and health history. Simple co-pays at time of service or direct credit card charges connected to the insurance card ID was simplified procedures for both the provider and the patients. Pharmacies, whether part of the public hospital, clinics or not would get the same price for their drugs and would be reimbursed much the way pharmacies get current insurance reimbursement. Pharmacies would be expected to use generic drugs, and the system will encourage cooperative negotiation with pharmaceutical companies for the lowest cost of drugs.

Negotiated rates with all providers of care, hospitals, clinics, diagnostics and drug companies would be at the best available rates for the largest pool of patients.

I. Over the 3 year phase in, we should move to governmentally owned hospitals and clinics, where the profit motive is removed to further cut costs and control administrators' costs and salaries.

(1) Who will benefit from this proposal? Who will be negatively affected by this proposal?

(a) Those that will benefit are all Coloradoan residents, most businesses and industry, doctors, and most providers of health care. The ones that will have to adjust their gross profits are drug companies and private insurance companies.

(2) How will your proposal impact distinct populations (e.g. low-income, rural, immigrant, ethnic minority, disabled)?

(a) This proposal is intended to extend to all Coloradans.

(3) Please provide any evidence regarding the success or failure of your approach. Please attach.

(a) Using the best of the models, we can see that the average Canadian pays less than half (@ \$3,000 per year for healthcare, while the average American pays over \$6,000 per year). A car produced in Canada costs \$1,500 less than the same car manufactured in the U.S. because of the price of health coverage GM provides. There is no reason why we cannot have a plan that equals or exceeds the one in Canada following this plan.

(b) Savant solutions has been performing strategic procurement in a team-based, objective and quantitative procurement process for over 20 years. We have facilitated tens of millions of dollars for procurement of products and services across a variety of industries and business processes. Our methodologies and procedures have been almost

universally successful and saved our clients many millions in tens of millions of dollars. References and case studies are available.

(4) How will the program(s) included in the proposal be governed and administered?

(a) We anticipate that the governance and administration of the system will be evaluated and selected as part of the procurement process. Our goal will be to define the most efficient and cost-effective administrative and governance solutions so that most of the collected funds can be returned in the form of health care provided.

(5) To the best of your knowledge, will any federal or state laws or regulations need to be changed to implement this proposal (e.g. federal Medicaid waiver, worker's compensation, auto insurance, ERISA)? If known, what changes will be necessary?

(a) This would have to be determined by the plan and the experts. At this point, it is not anticipated that there will need to be any federal law changes.

(6) How will your program be implemented? How will your proposal transition from the current system to the proposal program? Over what time period?

(a) Upon final procurement of a comprehensive healthcare system it is anticipated that the selected vendors from the private sector will be responsible for piloting, implementation and transition to state operations including processes, procedures, computer systems, hardware, piloting and training and turn over to the state.

(b) It is anticipated that the rollout would be as follows:

(i) Piloting - three to six months to test the solutions on a limited basis

(ii) organizational learning- corrections based on learnings of the pilot

(iii) initial rollout on a controlled basis- one year

(iv) comprehensive rollout under the transitional management of the selected vendor - year 2

(v) transition of personnel and processes to the state, on an ongoing basis until the private sector vendor role is removed - year 3

a) Access<sup>2</sup>

(1) Does this proposal expand access? If so, please explain.

(a) Yes, Universal coverage to all Coloradans.

(2) How will the program affect safety net providers<sup>3</sup>?

(a) It is anticipated that this healthcare system would provide universal coverage to all Coloradans.

(b) We would anticipate that the funding from the federal level for any and all health care provided services would continue and be provided his income to this healthcare system. This system would provide any and all of the services currently provided by the existing "safety net providers."



b) Coverage<sup>4</sup>

(1) Does your proposal “expand health care coverage<sup>5</sup>?” (Senate Bill 06-208) How?

(a) Yes, to universal coverage for all Coloradans.

(2) How will outreach and enrollment be conducted?

(a) This should be determined by the experts , with learning derived from the procurement process and the selected vendor(s).

(3) If applicable, how does your proposal define “resident?” How will outreach and enrollment be conducted?

(a) This should be determined by the experts , with learning to ride from the procurement process and the selected vendor(s).

## c) Affordability

(1) If applicable, what will enrollee and/or employer premium-sharing requirements be?

(a) This should be determined by the experts , with learning to ride from the procurement process and the selected vendor(s), but based on the efficiencies of the system and the removal of the profit motive, we anticipate the cost to be very nominal and in our opinion should not be paid by the employer, but rather a payroll deduction over the employee, scaled to income. This should improve economic opportunities in the state by making the cost of running Colorado-based corporations lower and making those corporations more cost-effective and competitive.

(2) How will co-payments and other cost-sharing be structured?

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<sup>4</sup> See “coverage” in Definitions.

<sup>5</sup> See “expansion of coverage” in Definitions.

(a) This should be determined by the experts , with learning derived from the procurement process and participation of the selected vendor(s).

d) Portability

(1) Please describe any provisions for assuring that individuals maintain access to coverage<sup>6</sup> even as life circumstances (e.g. employment, public program eligibility) and health status change.

(a) With Universal coverage, participation in this health plan is not tied to employment.

e) Benefits

(1) Please describe how and why you believe the benefits under your proposal are adequate, have appropriate limitations and address distinct populations.

(a) This plan benefits ALL. There are not distinct populations.

(2) Please identify an existing Colorado benefit package that is similar to the one(s) you are proposing (e.g. Small Group Standard Plan, Medicaid, etc) and describe any differences between the existing benefit package and your benefit package.

(a) This is only relevant after the experts come up with the health plan details. We anticipate that this plan will be more comprehensive than virtually any existing health-care plan, since it will include both traditional medical services as well as preventative and alternative medicine, all at a lower cost than existing solutions.

## f) Quality

(1) How will quality be defined, measured, and improved?

(a) Is anticipated, they "best-of-breed" health care plan, probably acquired from the private sector, who already have well defined quality standards and metrics. It is assumed that it will also include standards of care and procedures for the removal of nonperforming providers.

(b) In addition, there are universal standards that measure quality: number of premature births, longevity, average number of sick days of our workers, that can be measured but the first order of business is to get the uninsured and the underinsured covered.

(2) How, if at all, will quality of care be improved (e.g. using methods such as applying evidence to medicine, using information technology, improving provider training, aligning provider payment with outcomes, and improving cultural competency including ethnicity, sexual orientation, gender identity, education, and rural areas, etc.?) –

(a) The biggest improvements will come from the efficiency integrated, paperless solution, allowing for tremendous reduction in costs and overhead of paperwork, billing and care delivery. In addition, the removal of the profit motive will reduce costs by 30% or more.

(b) The second big improvement will come when the philosophy shift from sickness and emergency room care to wellness and preventive care.

(c) Another big improvement will come in the reduction in mental and economic stress that people feel when they have health problems.

(d) It will also be a boon to the economy because business struggles to stay competitive while providing health care to their employees. Making this an employee paid system, which are medically lower costs for Colorado-based business and improve their competitiveness.

g) Efficiency

(1) Does your proposal decrease or contain health care costs? How?

(a) The goal of the strategic procurement process is to acquire and deploy the most cost-effective, efficient, paperless and integrated solution, that by its very nature is designed to reduce health care costs. It is further anticipated that the expert ongoing oversight committee will be responsible for setting customary and reasonable fees and negotiating best prices from all suppliers including pharmaceutical companies.

(b) Specific cost-reduction examples would include streamlining the administration of paperwork, large-buy negotiated drug prices, and reduced use of emergency rooms which will reduce hospital fees.

(2) To what extent does your proposal use incentives for providers, consumers, plans or others to reward behavior that minimizes costs and maximizes access<sup>7</sup> and quality in the health care services?

(a) An integrated paperless solution will have tremendous benefit to all participants in the healthcare system:

(i) providers will have a major reduction in clerical overhead, enabled by the online paperless system and the

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<sup>7</sup> See “access” in Definitions.

benefits of guaranteed an improved cash flow provided by rapid payments of a paperless integrated system

(ii) users will have easy access to appropriate medical care and need not use the most expensive current providers such as emergency rooms

(iii) co-pays at the time of service will remove paperwork and administrative overhead from for the plan participants

(iv) the oversight committee of State healthcare employees, without a profit motive, will be responsible for setting customary and reasonable fees, while simultaneously assuring that medical services are based on medical need and not profit motives.

(3) Does this proposal address transparency of costs and quality<sup>8</sup>?

(a) A significant advantage of an integrated paperless-based computer system is the transparency due to the availability of real-time online, accurate data, including quality and costs. It is anticipated that a modern healthcare system will include automatic monitoring of anomalies and appropriate notification to administrative personnel on cost and quality issues.

(b) monitoring algorithms are likely also to have a significant reduction in health care plan fraud and abuse. Computer rules can be enabled to automatically identify and report such behavior.

(4) How would your proposal impact administrative costs<sup>9</sup>?

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<sup>8</sup> See “transparency” in Definitions.

<sup>9</sup> See “administrative costs” in Definitions.

(a) It is anticipated that this solution would dramatically reduce administrative costs for both the management of the healthcare system, the medical service providers and the patients themselves.

h) Consumer choice and empowerment

(1) Does your proposal address consumer choice? If so, how?

(a) It is anticipated that this health care plan will be voluntary. However, we anticipate that its low-cost and comprehensive services will encourage virtually universal adoption. With most of the providers in the program, the patients would have a large choice.

(2) How, if at all, would your proposal help consumers to be more informed about and better equipped to engage in health care decisions?

(a) This should be determined by the experts , with learning derived from the procurement process and participation of the selected vendor(s).

(b) However, the system would enable web-based access to the consumers, allowing them complete access to their medical histories, treatments and costs. In a modern web-based consumer solution, many methodologies and technologies are available for educating and informing consumers as to options and health care decisions. There are even practices that provide incentives to encourage consumers to learn more about their health management.

i) Wellness and prevention

(1) How does your proposal address wellness and prevention?

(a) Our solution provides health care coverage for preventive medicine, wellness and prevention. It also includes methodologies for educating consumers on health care practices and lifestyle improvement. Possible incentives for healthy lifestyle choices.

(b) Coverage is anticipated to include wellness and homeopathic practitioners as well.

j) Sustainability

(1) How is your proposal sustainable over the long-term?

(a) It is anticipated, that the selected solution would be operated as a "not-for-profit" business model can have collect income to cover all operating expenses. The healthcare plan should basically operate at "breakeven" and should therefore be economically sustainable. In addition, the benefits of this plan should encourage both providers and consumers to participate and we eventually expect to get to universal participation.

(2) (Optional) How much do you estimate this proposal will cost? How much do you estimate this proposal will save? Please explain.

(3) The costs associated with this proposal:

(a) The first cost is the cost of professional consulting oversight and a team of experts necessary to execute the strategic procurement process and to oversee the three year deployment and transition of the system to state operations.

This initial cost is significantly driven by the costs of the "team of experts" necessary to participate in the selection, procurement and oversight of the healthcare plan deployment. If this team is primarily made up of volunteers, and this cost should be nominal and primarily

be the cost of the professional consultants who oversee the program.

(b) The second cost will be the cost of operating the healthcare program.

(i) This should be determined by the process, the experts, with learning derived from the procurement process and the selected vendor(s).

(ii) It is anticipated that the system will be cost-effective and self-sustaining. i.e. plan income derived by plan participants will cover the plan expenses.

(4) Who will pay for any new costs under your proposal?

(a) Colorado residents who enroll in the plan, the state of Colorado with the Tobacco Money or other seed money to evolve the plan until payroll deductions allow the plan to become self sustaining.

(5) How will distribution of costs for individuals, employees, employers, government, or others be affected by this proposal? Will each experience increased or decreased costs? Please explain. -

(a) Over the long haul, we hope to reduce costs for everyone, employees, employers and government significantly, by modeling our plan after most efficient plans existing in the US and in other countries.

(6) Are there new mandates that put specific requirements on payers in your proposal? Are any existing mandates on payers eliminated under your proposal? Please explain. –



(a) This should be determined by the process, the experts, with learning derived from the procurement process and the selected vendor(s).

(7) (Optional) How will your proposal impact cost-shifting<sup>10</sup>? Please explain.

(a) It is anticipated that the cost savings associated with this deployed healthcare solution, will allow cost savings to enable healthcare to be provided to currently uninsured or underinsured Coloradoans.

(8) Are new public funds required for your proposal?

(a) They may be startup costs associated with this proposal and funding required for the first three-year transition to state-based operations. After that, it is anticipated that the healthcare system will be self-sustaining. Based on insurance payments made by participating consumers.

(9) (Optional) If your proposal requires new public funds, what will be the source of these new funds?

1. A single page describing how your proposal is either comprehensive or would fit into a comprehensive proposal –

a) We are proposing a "process" which has been used successfully for over 20 years for the acquisition, deployment and implementation of a cost-effective universal health care plan off for all Coloradans. It is anticipated that the process, the experts , with learning derived from the procurement process and the selected vendor(s), will make a rational set of determinations to effectively deploy the best solution consistent with the goals and objectives stated above.

2. (Optional) A single page describing how your proposal was developed.

This proposal was developed by a husband and wife team of Coloradans who are very concerned with the inadequacies and inefficiencies of the current healthcare system. Linda Sherrod, educated with a Masters in nutrition, is very concerned with preventative medicine and wellness. She has many constructive ideas as to improving the provisioning of healthcare in our state.

Tim Sherrod, is the chairman of the board of Savant Solutions, Co. and has over 30 years of experience in facilitating the process of identifying and deploying solutions in very large worldwide organizations through the effective use of strategic procurement processes, expert teams and effective management oversight.